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STATEMENT

BY

HON. T. D. PATTULLO, K.C., LL.D.

Premier of British Columbia

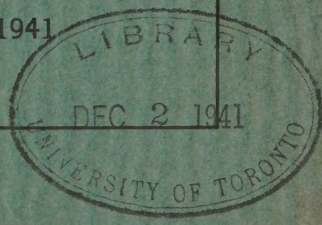
AT

DOMINION- PROVINCIAL CONFERENCE

WITH REFERENCE TO REPORT OF

Royal Commission on Dominion-
Provincial Relations

Held at Ottawa, January 14th, 1941





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STATEMENT

BY

Hon. T. D. Pattullo, K.C., LL. D., Premier of
British Columbia, at Dominion-Provincial
Conference, held at Ottawa,
January 14th, 1941.

Mr. Prime Minister and Gentlemen:

In submitting to the conference, by way of generality, the view of the Government of British Columbia with respect to the report of the Royal Commission on Dominion-Provincial Relations, may I comment upon the immense amount of thought and study given by the Commission to the problems involved. Whether one agrees or disagrees with their recommendations and conclusions, or their approach thereto, the whole work furnishes a very remarkable compendium of useful information.

RECOMMENDATION OF COMMISSION.

The preferential recommendation of the Commission is very succinctly expressed on Pages 133 and 134 of Plan 1, Book II., and is as follows:—

“Plan 1 concentrates debt management and responsibility in one authority—the one with the widest credit base and the one in control of related powers. Plan 1 provides for average Canadian standards of education and welfare, and generous developmental expenditures in every Province, through National Adjustment Grants. And perhaps most important of all, Plan 1 makes possible the co-ordination of taxation, borrowing (or debt redemption), and expenditure policies throughout the business cycle with monetary and exchange, trade and tariff, industrial and employment policies.”

Here is a proposal which changes the whole aspect of Dominion-Provincial relations.

EFFECT OF PLAN 1.

Under Plan 1, certain powers now exercisable by the Provinces will not only be taken away but such as remain will, in their exercise, be largely influenced by and subject to central control. Under the mechanics of Plan 1, there will be immediate and ever increasing centralization of authority in the Dominion. So far as our Province is concerned, we will be in such a position of incapability to move forward or even to maintain existing standards, as will assuredly lead to grave dissatisfaction and friction. Herein I think the Commission erred in its approach to the problem.

MECHANIZATION TO ESTABLISH GENERAL CANADIAN AVERAGE INADVISABLE.

It may be accepted as axiomatic that there are five economic and social units comprising the confederation of the Dominion of Canada. This is recognized by the Commission and was recognized by the Canadian Broadcasting Corporation when on Christmas Day there were special features for the Maritimes, Quebec, Ontario, the Prairie Provinces and British Columbia.

Each of these units is distinctive and there is nothing to be gained and much to be lost in attempting to bring them to a common level. Everyone desires to see Canada strong and united, but this object cannot be achieved by way of a mechanization to establish a general Canadian average. The tendency of the course recommended by the Commission would be to lower the general standard of development rather than raise it. It would be a backward instead of a forward step.

I do not think that we should allow the ineptitudes and indiscretions of the past, if there were such, or fortuitous circumstances or change of conditions beyond our control, precipitately to rush us into an irretrievable course of action.

British Columbia, in common with the other Provinces and the Dominion, has had its problems and has attained

its present position only after an arduous struggle up the hill of public economy. It does not want to be pushed down either to the bottom or half way, there to turn the treadmill of mediocrity in perpetuity.

PROVINCES TO BE CURBED.

The issues involved are so important and far reaching, that as plain blunt men who love our friends, we should speak frankly. The Commission appears to have approached the problem upon the assumption that the Provinces must be curbed, and checked after curbing, and that the central authority is the medium through which this is to be accomplished. In this process it is proposed that the Dominion, which already is in a position to protect its own operations, as well as to exercise a measure of control over provincial operations, through control of credit, shall take over exclusively the most flexible source of revenue, namely, the Income Tax, also Succession Duties.

PROPOSALS WOULD AGGRAVATE DISHARMONY.

Heretofore the Provinces have had a measure of independence of action but the new proposals definitely would checkmate anything of the kind. By independence of action I do not wish to be understood as meaning independence for independence sake, but independence to pursue policies developmental in manner such as are quite certainly not to be appreciated in the same degree by remote agency. Under the new proposals as laid down by the Commission, we would be so circumscribed that instead of the new hegemony engendering harmony, it would only aggravate disharmony.

PROVINCIAL DEBTS.

Comparatively few people understand the implications of the Commission's report. Many people seem to think that

by the transference of certain provincial obligations from the Provincial Treasury to the Dominion Treasury, these obligations by some legerdemain will thereby be liquidated. The fact is that these obligations will have to be paid by the people of Canada whether through the Provinces or the Dominion, though doubtless they may be refunded upon more favourable basis by the Dominion.

UNEMPLOYMENT.

In the matter of the unemployment problem, the Commission's report recommends the assumption of responsibility for the unemployed employables by the Dominion, but the responsibility for the unemployable to remain a charge upon the Provinces.

The proposed Dominion Unemployment Insurance measure will put the Dominion in funds to provide for the unemployed employables, but the Provinces will still have a dead-weight charge upon them for the unemployables.

Our Province has always taken the position that the unemployment problem is primarily the responsibility of the Dominion and still so maintains.

MONEY ROOT OF TROUBLE.

Money, of course, is at the root of this whole question. While monetary measures should be based upon the productive capacity of our people, the productive capacity of our people can be amplified by wise monetary measures and other considerations.

We are now told that it is necessary immediately to implement the recommendations of the Commission in order successfully to prosecute the war. The Government of British Columbia disagrees with this view and I am sorry that the winning of the war has been used as an argument permanently to fasten upon the Provinces and the Dominion of Canada a change in Dominion-Provincial relations which I

firmly believe will work to the injury and not to the benefit of the Dominion and the Provinces of which it is composed.

If there had been no Commission, war measures would still proceed and right now without any change in our constitution, the Dominion can take any action deemed necessary to the winning of the war, and the people are solidly behind the Government that every resource which we possess shall be brought into action at the earliest possible moment for the purpose of furthering our war effort.

Let us face this question fairly and squarely just as if there were no war as was the condition at the time of the appointment of the Commission, and not place those who believe that the proposals are of a harmful character under indictment that they are hindering the war effort of this Dominion. Effective temporary measures can be adopted and permanent measures can be considered with greater prudence after the war in the light of conditions then existing.

As a matter of fact, temporary measures are being adopted by the Dominion every day. Recently, numerous foreign articles not essential for war purposes have been banned in order to protect the exchange situation. The people of Canada have been advised to economize and they should economize and will be compelled to economize more and more, but this does not connote that all business outside of war services should cease. Our war services should be extended and amplified with the utmost speed, but during the process we should keep business and the public services moving in consistence therewith, while everyone capable of so doing must contribute more and more financial support as our war effort increases. For everyone immediately to stop buying everything except the barest necessities of life, while many other things which are not essential for war purposes are available, would disrupt our internal economy.

The Income Tax would meet the law of diminishing returns for with less business there would be less income upon which to pay Income Tax and eventually there would follow a capital levy.

BRITISH COLUMBIA ANXIOUS TO ASSIST IN WAR EFFORT.

British Columbia is in a category by itself. This is what the Commission says:—

“Although greatly affected by Canadian tariff, railway, and other economic policies, it has not been absorbed as a completely integral part of the Canadian economic system.”

The Commission also makes other observations concerning British Columbia, some of a lugubrious character which overdraws the account. But whatever may be the status of British Columbia in the economy of Canada or the state of its own internal economy, I can assure this conference that the people of British Columbia are anxious that the resources of our Province shall be utilized to the full in war effort and our Government will be glad to confer with the Dominion Government from time to time to this end.

IMMEDIATE IMPLEMENTATION WOULD RETARD WAR EFFORT.

The Commission states, and I quote:—

“The immediate effect of Plan 1 on Dominion finances would be adverse, since in some degree provincial finances would have improved at the expense of those of the Dominion.”

Inasmuch as the finances of the Dominion, according to the Commission, are not immediately to be improved but the reverse, it does not seem logical to suggest that the implementation of the recommendation of the Commission is essential to our war effort. Rather does it suggest that during the period of the war the implementation of the plan will be a burden on the Dominion's war effort, not alone through the assumption of additional financial obligations but through the time and effort which must necessarily be expended in the setting up of the new organization as proposed by the Commission. It would seem the part of wisdom to get on with the war and postpone a so far reaching and contentious problem until after the war.

TIME INOPPORTUNE FOR SO RADICAL A CHANGE.

It is reiterated that this is no time to make so radical a change as proposed by the Commission. We do not know what conditions will be after the war. After the war we shall be in a much more favourable position to come to wise conclusions with much better knowledge of needs and requirements. I do not think that the Provinces should be asked hurriedly to put their imprimatur upon these proposals.

I make these general observations, Mr. Chairman, with deep respect and grave concern.



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